

ASSEMBLY BILL

No. 264

Introduced by Assembly Member Mendoza

February 5, 2007

An act to amend Sections 21200 and 21200.1 of the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 264, as introduced, Mendoza. Pawnbrokers.

Existing law prohibits a pawnbroker from charging or receiving compensation at a rate exceeding specified amounts based upon the unpaid principal balance of the loan. Existing law also limits the loan setup fees a pawnbroker may charge. A knowing violation of the laws regulating pawnbrokers is a crime.

This bill would revise these limits on pawnbroker compensation and loan setup fees. The bill would prohibit a pawnbroker from charging or receiving compensation at a rate exceeding 2.5% per month on the unpaid principal balance of any loan. The bill would also prohibit the loan setup fee from exceeding \$5 or 2%, whichever is greater, for each loan and from exceeding \$50.

Because a knowing violation of this bill's provisions would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 21200 of the Financial Code is amended to read:

21200. (a) Except as otherwise provided in this chapter, no pawnbroker shall charge or receive compensation at a rate exceeding the sum of the following:

(1) Two and one-half percent (2½%) per month on that portion of the unpaid principal balance of any loan up to, including, but not in excess of two hundred twenty-five dollars (\$225).

(2) Two percent (2%) per month on that portion of the unpaid principal balance of the loan in excess of two hundred twenty-five dollars (\$225) up to, including, but not exceeding nine hundred dollars (\$900).

(3) One and one-half percent (1½%) per month on that part of the unpaid principal balance in excess of nine hundred dollars (\$900) up to and including, but not in excess of, one thousand six hundred fifty dollars (\$1,650).

(4) One percent (1%) per month on any remainder of such unpaid principal balance in excess of one thousand six hundred fifty dollars (\$1,650).

(5) (2) A charge not exceeding one dollar (\$1) a month on any loan when the monthly charge permitted by this section would otherwise be less than such minimum charge.

(b) One month's interest may be charged for any part of the month in which pawned property is redeemed.

SEC. 2. Section 21200.1 of the Financial Code is amended to read:

21200.1. A loan setup fee not to exceed three dollars (\$3) may be charged for each loan up to and including fifty dollars (\$50). A loan setup fee of five dollars (\$5) or 2%, whichever is greater, may be charged for loans in excess of each loan. However, the maximum loan setup fee shall not exceed fifty dollars (\$50). Loan setup fees are in addition to any other allowed charges.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty

1 for a crime or infraction, within the meaning of Section 17556 of
2 the Government Code, or changes the definition of a crime within
3 the meaning of Section 6 of Article XIII B of the California
4 Constitution.

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